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July 15, 2009

The Honorable Ben S. Bernanke
Chairman
Board of Governors
of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

The Honorable Timothy F. Geithner
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Chairman Bernanke and Secretary Geithner:

I am writing to express my concerns about financial institutions seeking to evade compensation limits and restrictions on bonuses by paying back the assistance they received through the Troubled Asset Relief (TARP) program.

As you may know, soon after the announcement was made by the Treasury Department to allow these financial institutions to pay back TARP funding, it was reported that Goldman Sachs is set to provide the largest bonuses in its 140-year history. This is the same institution that provided the biggest bonus ever given to a Wall Street CEO in 2007, providing over \$68 million in total compensation to Lloyd Blankfein that year. Morgan Stanley is also on track to reportedly pay near-record bonuses this year.

According to the most recent Troubled Asset Relief Program (TARP) transaction report, over 30 financial institutions have repaid more than \$70 billion they received from the Capital Purchase Program created as a result of the financial crisis. However, with respect to many of these institutions, the Treasury Department still holds warrants it acquired when it injected capital into them including Goldman Sachs, Morgan Stanley, JP Morgan Chase, American Express and Capital One. As long as the Treasury Department still holds these warrants, it has the ability to impose executive compensation limits and restrictions on bonuses at these firms.

I would urge the Treasury Department to keep these warrants and use its authority to impose strict compensation limits at these firms and stop any of them from rewarding senior executives with lavish bonuses they do not deserve. As you know, the Treasury Department has the ability to keep these warrants for up to nine years.

Executives at Goldman Sachs, Morgan Stanley and other financial institutions should not be allowed to reward huge bonuses and compensation packages, like the financial crisis never happened. They should be fired. Simply put, these firms don't

need to be retaining the same individuals responsible for the worst financial crisis since the Great Depression.

Further, while the Treasury Department publishes on its website the names of all of the entities that have received TARP assistance, how much each entity has received, and when these entities have paid back this assistance, the Federal Reserve has not disclosed the same information with respect to the more than \$2.2 trillion in financial assistance it has provided since the collapse of Bear Stearns.

I am concerned that the same firms that have paid back TARP funding seeking to evade restrictions on executive compensation and to publicize how healthy their banks are, may be receiving secret financial assistance from the Federal Reserve. Unlike the TARP funding, the loans provided by the Federal Reserve don't have any restrictions on executive compensation or bonuses.

Therefore, I am also writing to urge the Federal Reserve to answer the following questions:

- 1) How much financial assistance has the Federal Reserve provided to all of the financial institutions that have paid back TARP funding since March 24, 2008?
- 2) How much has each of these institutions received in financial assistance from the Federal Reserve since March 24, 2008?
- 3) Have any of these institutions received financial assistance from the Federal Reserve since they paid back their TARP funding, and if so, how much?
- 4) What is the value of the outstanding loans these institutions are responsible for paying back to the Federal Reserve?

If it is found that any of these institutions still owe the Federal Reserve money as a result of programs the central bank established to respond to the financial crisis, I would urge that the Treasury Department and the Federal Reserve require these firms to adhere to strict limits on executive compensation even if these companies have redeemed their warrants. In my view, any big bank that received a taxpayer bail-out whether through the TARP program or the Federal Reserve should be subject to strict limits on compensation and should not be rewarding bonuses to senior executives.

During the worst financial crisis in our nation's history since the Great Depression – a crisis which has led to the largest taxpayer bailout ever – the American people deserve to know that their hard-earned taxpayer dollars are not going to enrich executives on Wall Street.

Thank you in advance for your compliance with this request.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bern Sanders", written over a horizontal line.

Bernard Sanders
United States Senator